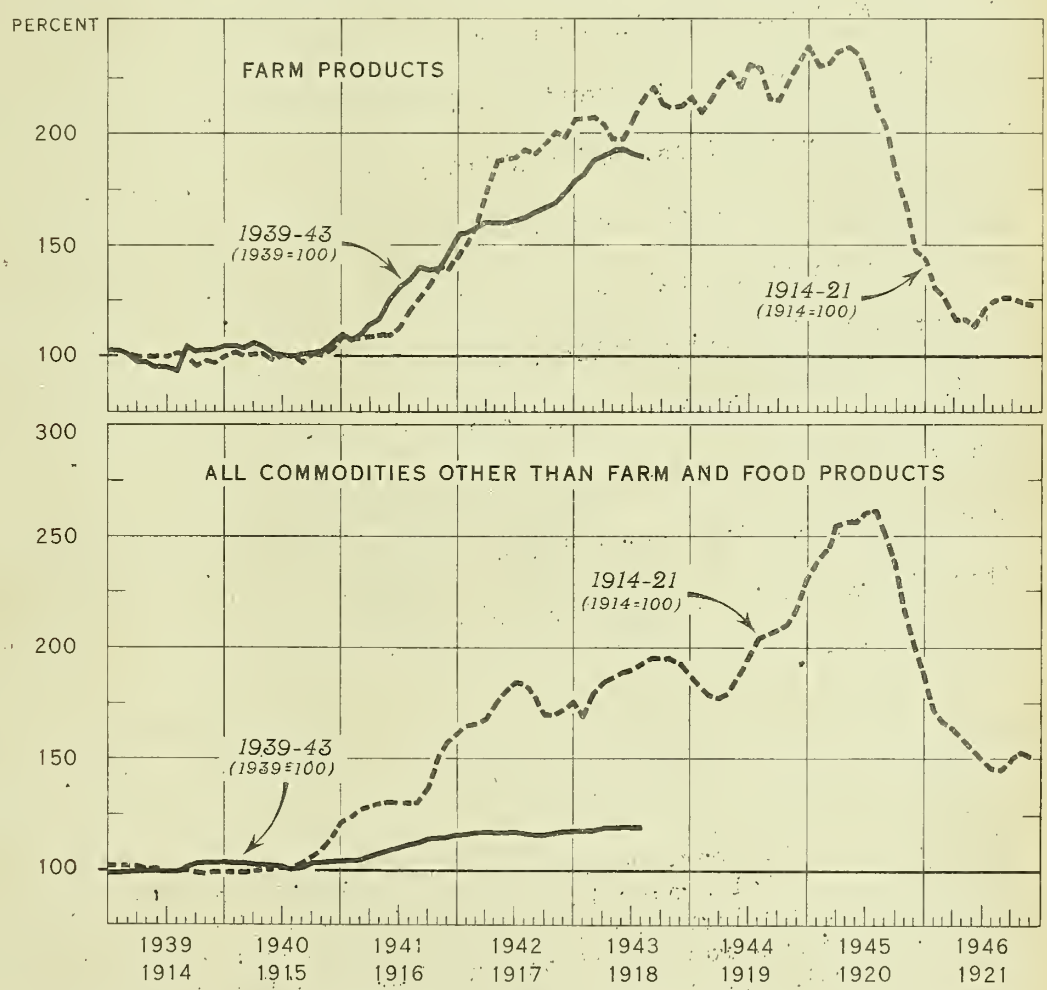
1944 OUTLOOK ISSUE

THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, D. C. BAE September 1943

WHOLESALE PRICES OF FARM PRODUCTS, AND OF ALL COMMODITIES OTHER THAN FARM AND FOOD PRODUCTS, INDEX NUMBERS, UNITED STATES, 1914-21 AND 1939-43



BASED ON DATA FROM BUREAU OF LABOR STATISTICS

U. S. DEPARTMENT OF AGRICULTURE NEG. 43280 BUREAU OF AGRICULTURAL ECONOMICS

From the beginning of the war to the end of 1941, wholesale prices of farm products followed a course very similar to that in 1914-16, but the rise in 1942 and 1943 has been smaller than in the comparable period in World War I. Wholesale prices of nonagricultural commodities up to August 1943 rose only about 20 percent from their 1939 levels, as compared with an advance of more than 90 percent from 1914 to the middle of 1918. These divergent movements suggest that the post-war adjustments in prices may be much greater for farm products than for nonagricultural products.

SUMMARY

The over-all demand for farm products is expected to average somewhat higher in 1944 than in 1943, but the rate of increase from now on will be much slower than during the last 3 years. Domestic civilian demand, as measured by nonagricultural labor income, is expected to continue increasing for several months, and demand for military, lend-lease, and foreign relief uses as a whole will be substantially larger.

Although civilian employment has passed its wartime peak, total employment (civilian and military) may average slightly more in 1944 than in 1943. Average weekly earnings per worker are also expected to continue rising slowly, reflecting more overtime, higher basic rates of pay, the effect of incentive-pay plans, and a shift from low-paid to high-paid jobs.

Budget expenditures of the Federal Government averaged nearly 7-1/4 billion dollars a month from January through August 1943. To reach the budget estimate of 104 billion dollars in the current fiscal year, the average monthly rate in the last 10 months must approach 9 billion. While there are no official budget estimates beyond June 1944, a comparison of actual war expenditures with appropriations and financial commitments suggests that the rate of Government spending in the second half of 1944 will be well sustained.

-- September 17, 1943

Industrial Production

Since February this year, when the Federal Reserve Board's seasonally adjusted index of industrial production first passed 200 (1935-39 = 100), increases in industrial production have been slow. After declining 1 point from May to June, the index rose 4 points from June to July, reaching a new high of 205, as production of coal and crude petroleum jumped sharply.

In the 12 months ahead, shortages of men and materials will hamper further increases in output. Production of durable goods, particularly war goods, will continue to increase for several months, but prospects are not

as good for nondurable manufactures. At 147, the seasonally adjusted index of nondurable manufactures is lower than at the beginning of this year, and prospects are for little, if any, increase from present levels. Textiles and manufactured foods account for nearly half of the weight in this index. With military orders recently cut back and with high labor turn-over and diminishing employment, the textile industry seems likely to continue its present downward trend in output well into 1944 at least. Volume of federally inspected meat packing set a new high in July, and, on the basis of number of head slaughtered, broke the record again in August. Meat packing will continue at a high level during the remainder of this year and most of 1944, and steps were recently taken by the War Food Administration to encourage production of manufactured dairy products while restraining consumption of fluid milk. The canning industry is handicapped by lack of labor, and "production of other manufactured food," of which canning is an important component, has dropped sharply in recent months after seasonal adjustment.

The third largest component in the index of nondurable manufactures is printing and publishing. This industry is restricted in its use of paper, and an increase in production in the near future seems unlikely. Production of chemicals is the only nondurable line currently advancing strongly with good prospects for at least the early part of next year.

Employment and Earnings

Civilian employment now appears to have passed its wartime peak. The number of employees in nonagricultural establishments has been declining since December 1942, even after seasonal adjustment. The latest Census report on the labor force shows a decline in the civilian labor force of nearly 2 million persons from the peak reached in July 1942 and also estimates that total civilian employment in August 1943 was lower than in July 1943 or August 1942.

Announced plans call for increasing the armed forces to such an extent that inductions will continue for some time to more than offset additions to the total labor force. The effect will be a slight decrease in civilian employment but a slight increase in total employment -- civilian and military -- in 1944 over 1943.

Average weekly earnings have risen steadily so far this year, reflecting higher hourly earnings and a longer workweek. This trend is likely to continue into 1944, but the rate of advance will slow down as the increase in hours per week slows down or ceases. Some increase in weekly earnings may also be expected from incentive-pay plans, adjustments in basic wage schedules (such as the adjustment granted early this month to Boeing Aircraft workers in and near Seattle), and a continuation of the shift from low-paid to high-paid jobs.

Consumer Expenditures

Largely because higher average weekly earnings are anticipated next year, income payments are expected to continue to rise, but the change from the level in the second half of this year is expected to be small. Consumer expenditures in the first half of this year were at an annual rate of about

90 billion dollars, as compared with actual expenditures in 1942 of 82 billion. Merchants' inventories are still relatively large, although they have been declining since the middle of last year. With well-sustained output of nondurable manufactured goods and services and a large production of nonmanufactured foods, no marked curtailment of the over-all supply of consumer goods and services is anticipated in the year ahead. Durable goods will, of course, be scarce, as will many individual nondurable items.

There seems to be a good basis for expecting consumer expenditures to continue for several months at about the present 90-billion dollar rate. Even so, net savings of individuals after direct personal taxes may exceed 35 billion dollars in 1943 and 40 billion in 1944.

<u>Military and Foreign Demand</u>

Military and foreign requirements for agricultural products contribute substantially to the total demand for such commodities. In 1943, one-fourth of our agricultural food production is allocated to military, lend-lease, and other special needs, compared with 14 percent in 1942 and 6 percent in 1941.

With more persons in the armed forces, military demand for food is likely to increase, even though military stock piles are drawn upon for part of the increased needs. Australia and New Zealand have been furnishing food to our troops on "reverse lend-lease," but our European Allies do not have surpluses of the more important foods required by our armed forces. Furthermore, any surpluses which may be available in Europe or Africa will be required for the relief of liberated areas in Europe. Lend-lease and foreign relief demand will be especially strong for foods of high nutritive value, such as dried milk, dried egg, canned meat, soybeans, dried fruits, and fats.

<u>The General Price Outlook</u>

Wholesale prices of all commodities except farm and food products have virtually been stabilized. Price advances for farm and food products, on the other hand, have continued at a declining rate during recent months, although the price indexes for both the "farm" and "food" categories were lower in July than in May. Except for some further rise in prices of certain agricultural products (see commodity discussions below) prospects are for little change in the general level of wholesale prices until either cost or demand conditions change.

Significant changes in these factors are not to be expected before the end of European fighting at the earliest. The size of the change then will depend in part on the speed of events leading to the cessation of hostilities as well as on the extent to which people foresee those events and adjust business operations.

In this connection, a comparison of price movements in the present and previous war periods is instructive, especially if it is remembered that the 1918-21 reaction of prices occurred as it did largely because no one was prepared for a sudden end of hostilities or for the transition from war to peace.

The chart on the cover page shows that wholesale prices of commodities other than farm and food practically doubled from 1914 to 1918. After declining sharply for several months following the Armistice, they began a rise which was faster and longer sustained than any rise during actual hostilities. This was followed by a swift decline which wiped out in 12 months the price gains of nearly 4 years. Both the small rise during this war and the present effective controls over prices and supplies point toward greater stability of nonagricultural prices during the transition to a peacetime economy than after World War I.

The course of wholesale prices of farm products so far in World War II has not been greatly different than in 1914 to 1918, although the rise in this war period has been less rapid and much smoother. After November 1918, wholesale prices of farm products and of all commodities except farm and food reacted differently. Nonagricultural prices fell for several months and then advanced nearly 50 percent in 16 months. Wholesale prices of farm products, on the other hand, showed no weakness at the time of the Armistice and at no time in 1920 were as much as 15 percent above the level in November 1918.

In the light of experiences in the first war period and of developments so far in this war, the end of hostilities in Europe might be expected to have little immediate depressing effect on prices of farm products, although it would stimulate plans for readjusting agricultural production in order to ease any post-war decline in agricultural prices.

FARM PRICES AND INCOME

Prices received by farmers in 1943 will average 20 to 22 percent above 1942. Although maximum prices have been established for most agricultural products, demand has been sufficiently vigorous to maintain prices at or near ceiling levels. Partly because of adjustments in loan rates, support prices, and price ceilings, it is expected that prices received by farmers will increase somewhat from present levels.

Prices paid by farmers including interest and taxes will rise from the average of 151 last year to an average of about 164 in 1943. This is a 9 percent increase. Prices of things farmers buy will continue at relatively high levels during 1944 and farm wage rates are expected to continue rising. Prices paid by farmers for feed in August were 23 percent higher than a year earlier. Increases from here on will be restrained by price ceilings, but there is no prospect for lower feed prices for the coming year. Seed prices will also be higher in 1944 than this year unless held in check. Under existing price controls, no significant rise in prices for a given grade of fertilizer is expected, but prices in 1944 may average higher than this year because of higher plant-food content.

Farm income probably will continue to increase in 1944. Total crop production this year will nearly equal that of last year, and the volume to be marketed in the early part of 1944 from 1943 crops is expected to be nearly as great as the amount sold in the early part of this year from the record crop production of 1942. Marketings of livestock and livestock products on the whole may be slightly greater in 1944 than in 1943 in spite

of the expected decline in milk production. If production conditions in 1944 are favorable, total marketings next year may not be much different from this year and the expected higher level of prices would yield a cash income in 1944 exceeding the estimate of about 20 ~~m~~ B illion dollars in 1943.

The percentage increase in 1944 for production expenses may be nearly as great as that for cash farm income. Some items, such as taxes and mortgage interest, will be about the same or smaller than in 1943. However, most items of expense will be larger. Expenditures for fertilizer are expected to rise because greater quantities of plant nutrients will be available. Even with the shortage of farm help, disbursements for hired labor may be greater than in 1943 because of higher wage rates. More farm machinery will be in use on farms next year than this, and cost of operation repairs and depreciation will probably be higher.

With favorable crop conditions, the over-all outlook for 1944 is for higher farm prices, not much change in marketings, higher cash farm income, higher production expenses, and a net income to farm operators in 1944 which may exceed that of approximately 12.5 billion dollars expected this year.

COTTON

Crop prospects were scaled down considerably between August 1 and September 1, largely as a result of unfavorably hot and dry weather over much of the Belt. Compared with the August cotton report, the September report indicated declines in estimated production of 25 percent for Oklahoma, 15 percent for Arkansas, 11 percent for Texas, 8 percent for Tennessee, and 6 percent for Mississippi. For the entire country, the September estimate of production was 11,679,000 bales as against 12,558,000 bales in August, a reduction of 879,000 bales or 7 percent. Because of the dry weather which has caused much of the cotton to open earlier than normal, ginnings to the end of August totaled 1.8 million bales compared with 0.7 million in 1942 and 0.5 million in 1941.

Prices have moved within a fairly narrow range during the past month. In the 10 designated spot markets they fluctuated from a low of 20.15 cents on August 21 to a high of 20.61 cents on August 30. On September 16, the 10 market average was 20.37 cents, about the same as a month earlier. Parity in August was unchanged at 20.46 cents per pound. The August farm price was 19.81 cents, 21 points higher than a month earlier.

Consumption totaled 842,000 bales in August compared with 840,000 bales in July and 925,000 bales in August 1942. Consumption per working day continued to decline, averaging only 38,285 bales in August. This was the smallest daily consumption since January 1941.

WHEAT

The September Crop Report did not change the August 1 total wheat crop indication of 835 million bushels, which is 96 million above the 1932-41 average, but 146 million below the near-record crop of last year. With a

carry-over of old wheat on July 1 at 618 million bushels, the total prospective supply without imports is indicated at 1,453 million bushels. This is large -- second only to the record of 1,613 million bushels last year. But disappearance in 1943-44 is expected to be the largest in our history, reflecting the unusually large quantities for nonfood uses. As a result of this large disappearance, stocks at the end of the 1943-44 year are expected to be greatly reduced.

The use of wheat for alcohol in 1943-44 is now estimated at about 100 million bushels compared with an estimate of 150 million a month ago. Arrangements recently have been completed for the importation of large quantities of molasses for use in the place of grain for alcohol, and there has also been some downward revision in total requirements. With this reduction in requirements of wheat for alcohol, it is likely that the carry-over of domestic wheat on July 1, 1944, will be about 300 million bushels. The other estimates of distribution of United States wheat are: Food 535 million bushels, feed 390, seed 80 million, and exports 45 million. The feed item of 390 million bushels is estimated on the basis of the feeding of 60 million bushels sold by the Commodity Credit Corporation before July 1, 1943, but not fed by that date, the sale of the 210 million bushels owned by the Corporation on July 1, and the feeding of about 120 million bushels on farms where grown. Wheat imports by the Commodity Credit Corporation are supplementing the quantity of domestic wheat for feed, and, to the extent such supplies remain unfed at the end of the marketing year, they would add to the 300 million-bushel carry-over of domestic wheat indicated for July 1, 1944.

Market prices on September 17 were generally 4 to 9 cents above a month earlier. Prices at Kansas City were up 9 cents, at Minneapolis 4 cents, and at St. Louis 7 cents. Continuing to contribute to market strength are: (1) A crop considerably smaller than likely disappearance and (2) open market purchases of wheat for alcohol production since July 1, when sales for this purpose by the Commodity Credit Corporation at corn parity prices were discontinued. With the markets now all above loan levels, purchases of wheat by the Commodity Credit Corporation have been discontinued. Market prices were above the loan on September 17 as follows: Minneapolis 1 cent, Portland 7 cents, Kansas City 10 cents, and St. Louis 32 cents.

FATS, OILS, AND OILSEEDS

Average prices of fats and oils are expected to continue relatively high during the balance of 1943, throughout 1944 and probably into 1945. As a possible exception, lard may drop temporarily below ceiling prices during the period of heavy hog marketings next winter, but large Government purchases for lend-lease will tend to prevent any marked decline.

Production of fats and oils from domestic materials may total about 11.6 billion pounds in the 1943-44 crop year compared with about 11 billion pounds in the calendar year 1943 and 10 billion pounds in 1942. Further expansion in oilseed acreage probably will take place in 1944, but animal-fat production, with a smaller pig crop expected next year, is likely to be curtailed beginning in the fall of 1944. Reduced output of animal fats in the 1944-45 season may more than offset increased output of vegetable oils.

Domestic disappearance of fats and oils increased from 9.6 billion pounds in 1939 to 10.9 billion in 1941, but has since declined. With Government limitation orders and rationing of food fats in effect, disappearance in 1943, including use by the military, will total about 10 billion pounds. Domestic disappearance will be nearly the same in 1944.

Exports of fats and oils have increased substantially since 1940. The United States this year will be a net exporter of fats for the first time since 1924. Relief shipments of fats and oils to continental Europe in the early post-war period will be net additions to the present large lend-lease exports, which are going mainly to Russia and the United Kingdom. Merely to restore consumption to 75 percent of pre-war, 3 billion to 4 billion pounds of fats will need to be imported by continental Europe, including the Russian area now occupied by Germany, in the first year following the war. Much of this additional supply will have to come from the United States unless supplies are released from areas now under Japanese control. Except in the Japanese area, the world supply situation for fats and oils is expected to remain extremely tight for 1 and possibly 2 years after the close of war in Europe.

Cotton and peanut crop prospects deteriorated in August, but this was largely offset, as far as oil production is concerned, by improvement in the outlook for the soybean crop. Under recent Government orders, the quantity of farmers' stock peanuts to be cleaned and shelled in 1943-44 has been limited to 1,400 million pounds. With an allowance of 500 million pounds for farm use, direct sales by producers, and shrinkage, approximately 900 million pounds should be available for crushing, on the basis of present crop indications. Crushings in 1942-43 are expected to total about 410 million pounds.

Hog slaughter will reach a new peak in the 1943-44 marketing year, and both lard and grease production will be expanded. Total production of lard and rendered pork fat may be 15 to 20 percent greater than the 1942-43 production of about 2,700 million pounds. Factory production of greases may be 5 to 10 percent larger than a year earlier.

CORN AND OTHER FEED

The supply of feed grains for 1943-44, including wheat and rye for feed, is estimated to be about 147 million tons on the basis of September 1 conditions, an increase of about 3 million tons over that indicated a month earlier. The indicated production of corn increased 110 million bushels during August, but this was partly offset by reduced prospects for the production of other feed grains. Prospects for the corn crop improved materially in the central and eastern sections of the Corn Belt during August, but in Nebraska and Kansas, the southern Great Plains area, and in the mid-Atlantic areas the crop deteriorated. The quantity of feed available in deficit areas of the country may be reduced somewhat more than in the Corn Belt in 1943-44, because of the droughts in the South and East, the smaller quantity of Government-owned wheat that will be available for feeding after October 1, and prospects for a reduced quantity of corn available for shipment out of the Corn Belt. The total 1943-44 feed-grain supply is now estimated to be only about 5 percent smaller than in 1942-43 and about 15 percent smaller per grain-consuming animal unit on farms January 1. By using reserve stocks,

total disappearance of feed grains in 1943-44 may be about as large as it was in 1942-43 for the entire country. The rate of feeding per animal, in this event, would be slightly greater than the 1937-41 average, but about 10 percent below the heavy rate of feeding in 1942-43.

Demand for feed continued strong during the past month, with prices of corn and byproduct feeds at primary markets largely nominal at the ceilings. During July and August, 89 million bushels of Government wheat were sold for feeding, leaving about 134 million bushels of wheat in Government ownership September 1. Receipts of corn at primary markets in August were nearly double July receipts, and were adequate to meet the needs of corn processors, but commercial supplies are still much below the requirements of feed mixers and livestock feeders in deficit feed areas.

LIVESTOCK AND MEATS

Meat output in 1944 may be as large as the record production of 1943 but will not be large enough to supply all wants. The amount allocated to civilians will be slightly smaller than in 1943, and, with present retail ceiling prices in force, meat expenditures by civilians will decline.

While the fall pig crop may be somewhat smaller than June 1 breeding intentions indicated, total hog slaughter in the 1943-44 crop year may reach 100 million head or more. The average live weight of hogs marketed probably will be lower due to the prospective scarcity of feed for finishing, but pork production may exceed the 12-billion-pound 1942-43 production by 1 billion to 2 billion pounds. Processing and transportation facilities probably will be severely taxed in handling the peak hog marketings this winter, partly because of labor shortages.

The outlook is for a smaller spring pig crop in 1944 because of the smaller feed supply and the less favorable hog-corn price ratio this fall compared with last. Both short-time price fluctuations and seasonal price movements are limited by the narrow margin between recently announced price ceilings and existing price supports.

The number of cattle and calves on farms and ranches is expected to increase, possibly by 2 to 3 million head, during 1943 even though cattle slaughter this year may be a little larger than in 1942. Cattle numbers are high in relation to the normal feed production so that a large increase in slaughter appears desirable in 1944.

The outlook for cattle feeding is not promising. Feed supplies are smaller and feed costs are higher than last year. Uncertainty regarding the outlook for cattle prices in 1944 appears to be an important factor affecting purchases of feeder cattle this fall. So far this season the movement of cattle into feed lots has been smaller than a year ago but a larger-than-usual movement may yet occur.

Heavy marketings of sheep and lambs during the past few months indicate a continuation of the downward trend in sheep numbers which began last year. Sheep numbers on farms January 1 may be 2 million head below a year ago and next year's lamb crop may be smaller because of the heavy ewe slaughter during the last few months. A shortage of skilled help has been largely responsible for liquidation. Lamb feeding may be reduced in the 1943-44 season. Feed costs are high and prices of feeder lambs are higher in relation to fed lamb prices than a year ago.

WOOL

Shorn wool production for 1943 is estimated at 377 million pounds. This is slightly smaller than the record clips of 1941 and 1942 which exceeded 390 million pounds, but is larger than in any other previous year. The smaller production this year is the result of reduced sheep numbers. These estimates do not include the pulled wool obtained from pelts of slaughtered sheep and lambs. Pulled wool production totaled 67 million pounds in 1942 and averaged 65 million pounds in the 5 years 1937-41. Growers are assured of a market for all of their 1943 wool through the Government purchase program, which is being handled by the Commodity Credit Corporation through regular commercial channels. Although farmers have less wool to sell this year, the 1943 income from wool will not differ much from last year's record income of 157 million dollars, because prices have been averaging about a cent a pound higher than last year.

Mill consumption of apparel wool in the 12 months ended June 1943 totaled 1.1 billion pounds (greasy shorn and pulled basis) compared with 1.0 billion pounds in 1941-42 and a 5-year average (1936-40) of 602 million pounds. The 1942-43 consumption exceeded that of any other year. Consumption for the balance of the year will depend in part on civilian demand, because deliveries of a large part of the Army orders has been postponed until next year. Because of large military requirements, production of civilian fabrics has been sharply curtailed since the early part of 1942. Military requirements will be reduced in 1944, but it is anticipated that civilian demand will be large enough to support a high rate of wool consumption.

DAIRY PRODUCTS

Supplies of feed grains available for livestock feeding in the year beginning October 1, 1943, may be about 5 percent smaller than the supply for the 1942-43 season. Under current conditions, unless returns are increased, costs cut, or both, milk production for the United States in 1944 may total about 115 billion pounds, compared with 118 billion pounds in 1943 and 119 billion pounds in 1942. Largest percentage decreases in production may take place in the North Atlantic and the Pacific Coast States unless shipments of feed into these areas are stepped up sharply. Some decline in production is expected in the North Central States, while production in the South may increase slightly to meet part of the increased demand for fluid milk in that area.

To forestall individual consumer rationing of fluid milk and to help obtain production of manufactured dairy products sufficient to supply essential war and civilian needs, the War Food Administration on September 10 authorized the limitation of sales of fluid milk and cream through a system of dealer quotas. Quotas probably will be established first for those dealers in areas of heavy urban population where milk supply problems are most critical. As administrative facilities permit, the system of quota control will be extended to other areas. Fluid milk sales may be held at approximately the current level, but sales of cream and fluid milk byproducts, including cottage cheese, flavored milk drinks, and cultured buttermilk, may

be reduced somewhat. Although production of most manufactured dairy products may be somewhat smaller in 1944 than in 1943, the restriction on sales of fluid milk and cream will materially reduce the extent of the decrease.

The percentage of butter to be set aside by manufacturers for Government purchase has been reduced to 20 percent in September and to zero in October. The Government now has sufficient butter in storage to meet most of the military and other war requirements until production begins to increase seasonally next spring.

POULTRY AND EGGS

The number of chickens raised on farms in 1944 is likely to be a little smaller than this year because the relationship between egg prices and feed prices apparently will be less favorable next spring than it was in the spring of 1943. Broiler producers probably will encounter feed shortages in the coming year, since broiler production is largely located in feed deficit areas. The present relationship between broiler prices and feed prices would support continued heavy broiler production if the feed were available. Since some reduction in numbers of layers probably will take place during 1944, total production of chicken meat next year may be about as large as in 1943 and materially above the previous record set in 1942. The number of turkeys raised may be about the same in 1944 as this year.

On the basis of past relationships, the number of layers on January 1 would be 8 to 10 percent larger than a year earlier. Because of limited feed supplies, heavier-than-usual culling may result in 1944. Thus, with fewer chickens raised for replacement next year, numbers of layers at the end of 1944 (beginning of the 1945 laying season) may be at a level comparable to that on January 1, 1943. Egg production probably will be about as large next year as it was in 1943.

Civilian consumption of poultry and eggs in 1944 probably will be little different from the 1943 levels. Prices received by farmers for poultry in 1944 as a whole are likely to average at least as high as this year. Egg prices to farmers may average a little higher, since in most of the first half of 1943 egg prices were below the maximum levels obtainable under the Office of Price Administration ceilings. Cash farm income from poultry and eggs next year will be at least as large as the record established in 1943.

FRUITS

Production of deciduous and citrus fruit in the United States, on the basis of prospects September 1, is expected to be about 11 percent smaller this year than last but about 6 percent larger than the 10-year (1932-41) average. The aggregate tonnage of the eight major deciduous fruits, that is, apples, pears, peaches, apricots, plums, prunes, cherries, and grapes, is estimated to be 16 percent below that of 1942 and about 11 percent below the 10-year average. The commercial apple crop is estimated to be 28 percent smaller than the near-average crop of a year ago. In contrast, the grape crop is expected to be the largest on record or 15 percent larger than the

near-average crop of last year. Citrus production this year (crops from the 1943 bloom) is expected to be about as large as a year earlier.

Carlot shipments of deciduous fruits through September 6 of this season amounted to nearly 35,000 cars, 80 percent of last year's shipments for the same period, although individual cars were loaded heavier this year than last. Compared with cars shipped for the same period last year, shipments of pears are about 50 percent larger, those of cherries and plums and prunes about equal, and those of other fruits considerably smaller. The shipping season for cherries is completed, that of apricots practically so, that of peaches, plums, and prunes well advanced, and that of apples and grapes well under way. Shipments of all citrus fruits are decreasing seasonally. Those of grapefruit are nearly over for the season, but are expected to increase in October with the advent of the new crop. Shipments of oranges, although decreasing, are moderately large and are expected to increase in October with the new crop.

Prices for fruits during August and early September continued well above the levels of a year earlier. Prices received by farmers August 15 for apples were about twice those of a year earlier. New York auction prices for western apples in August were approximately 1-1/2 times those of a year earlier, whereas New York wholesale prices for eastern apples in August and early September were about 2-1/2 times those for the same period in 1942. The New York auction price for western Bartlett pears in August was 120 percent of the price a year ago, and the New York wholesale price for New York Bartlett and Clapp Favorite pears was about 250 percent of a year ago. Wholesale prices for eastern peaches on the New York market have been about twice those of a year ago. Ceiling prices for table grapes from California went into effect August 19, resulting in a roll-back of about 50 percent in prices. Even then, New York auction prices for Red Malaga grapes from California remained somewhat above those of a year earlier.

TRUCK CROPS

The price level of fresh vegetables at terminal markets has increased somewhat since mid-August. Wholesale prices on both the New York and Chicago markets during the week ended September 4 in comparison with prices at mid-August were higher for snap beans, cantaloups, and green peas: about the same for beets, carrots, lettuce, and spinach; and lower for tomatoes. Wholesale prices of other major vegetables were higher on the New York market, but about the same or lower on the Chicago market.

Commercial truck-crop production for fresh shipment is expected to be slightly smaller during the next few weeks than for the same period last season. The aggregate acreage of such crops is larger than a year ago, but hot, dry weather in the southern New England, Middle and South Atlantic, and Southwest areas has reduced yields materially. Carrots, cabbage, and tomatoes should continue in plentiful supply throughout September and early October. Shipments of cauliflower, celery, onions, and spinach are increasing over the August level, but, with the possible exception of spinach, are expected to continue smaller than last season. Lettuce probably will continue to move to market in about its present volume. The peak movement of

lima beans, snap beans, cucumbers, peppers, cantaloups, and watermelons is past, and shipments during the next few weeks are expected to be substantially below the August level. For the 1943 season, as a whole, commercial production of truck crops for fresh market is indicated to be about 9 percent smaller than in 1942 but 2 percent larger than the 10-year (1932-41) average.

The aggregate tonnage of truck crops to be utilized for processing is indicated to be approximately 7 percent smaller this season than last (basis September 1 estimates). The "processing" tonnage this year compared with last is 3 percent larger for snap beans. It is smaller for other truck crops by the following percentages — beets, 8 percent; green lima beans, 13 percent; cabbage for kraut, 11 percent; green peas, 4 percent; pimientos, 5 percent; sweet corn, 1 percent; tomatoes, 9 percent; and California and Texas spinach, 33 percent. Production of carrots for all purposes is 31 percent larger this year than last, and the tonnage for processing, although not reported separately, probably will exceed that of last year.

POTATOES

A potato crop of 461 million bushels is indicated for 1943 (basis September 1 estimates). Such a crop would be by far the largest on record — 24 percent above last year's and 27 percent above the 10-year (1932-41) average. Production in the 30 late States, which provide most marketings from mid-August until late the next spring, is expected to be about 26 percent larger this year than last.

Prices for potatoes remain somewhat below ceilings but substantially above the support level. Ceilings in September vary between areas from $2.15 to $2.60 per 100 pounds, U. S. No. 1 grade, sacked and loaded on carrier, f.o.b. country shipping point. Some sales continue to be made to the Government at support prices. However, such sales through September 7 totaled only about 8,600 cars, or about 4 percent of the total quantity marketed thus far this season.

The War Food Administration recently announced a loan program for Irish potatoes. The purpose of this program is twofold — to assure growers returns in accordance with the support prices announced last spring, and to assist in securing the orderly marketing of the crop throughout the season. Loans will be made at the local support prices less the costs of grading, sacking, and loading on board cars.

SWEETPOTATOES

Hot, dry weather during August reduced prospective supplies of sweetpotatoes to 71.6 million bushels — 12 percent less than was indicated August 1 but a crop 10 percent above that of 1942 and 3 percent above the 10-year (1932-41) average. Sweetpotato digging is well under way and the crop is now moving to market in moderate volume.

Prices for sweetpotatoes have declined substantially since mid-August. The War Food Administration on August 24 announced a January support price of $1.50 per bushel for U. S. No. 1 or better grade cured sweetpotatoes properly

packed, and a February support price of $1.65 per bushel. This program should assist in the orderly marketing of sweetpotatoes throughout the season.

DRY EDIBLE BEANS

Dry bean production in 1943 is estimated (September 1 basis) at about 23 million bags (100-pound bags, uncleaned) -- 17 percent larger than the record crop of 1942 and 60 percent above the 1932-41 average. Prices to civilians for beans continue at ceiling levels. Prices to growers for the 1943 crop are being supported by the Government at a level ranging from $6.50 to $7.50 per 100 pounds U. S. No. 1 grade beans, cleaned and in bags at country shipping points, f.o.b. carrier; a price substantially above that received for the 1942 crop.

DRY FIELD PEAS

Indicated production of dry field peas in 1943 is 9.5 million bags (100-pound bags, uncleaned). This production is about one-third larger than last season's and three and one-half times as large as the 10-year (1932-41) average. A support-price program, at a level slightly above last year's, is in effect on the 1943 dry field pea crop.

ECONOMIC TRENDS AFFECTING AGRICULTURE

INDEX NUMBERS: INDICATED BASE PERIOD = 100

YEAR AND MONTH	INDUSTRIAL PRODUCTION[1]	FACTORY EMPLOYMENT[2]	FACTORY PAY ROLLS[3]	INCOME OF INDUSTRIAL WORKERS[4]	CASH INCOME FROM FARM MARKETINGS[5]	WHOLESALE PRICES OF ALL COMMODITIES[6]	RETAIL FOOD PRICES[7]	COST OF LIVING URBAN[8]	PRICES RECEIVED BY FARMERS[9]	PRICES PAID BY FARMERS[10]	PRICES PAID BY FARMERS, INTEREST AND TAXES[10]	RATIO OF PRICES RECEIVED TO PRICES PAID INCL. INTEREST AND TAXES
Base Period	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1910-14*	*1910-14*	*1910-14*	*1910-14*
1929	110	108	127	134	142	118	133	122	146	154	167	87
1930	91	94	103	110	113	107	126	119	126	146	160	79
1931	75	80	78	84	80	91	104	109	87	126	142	61
1932	58	68	54	58	59	80	86	98	65	108	124	52
1933	69	75	58	61	67	82	84	92	70	108	120	58
1934	75	88	74	76	79	93	94	96	90	122	129	70
1935	87	93	86	86	89	99	100	98	108	125	130	83
1936	103	101	99	100	105	100	101	99	114	124	128	89
1937	113	111	118	117	111	107	105	103	121	131	134	90
1938	89	93	91	91	96	98	98	101	95	123	127	75
1939	108	102	106	105	99	96	95	99	93	121	125	74
1940	123	110	122	119	105	98	97	100	98	122	126	78
1941	156	135	178	169	141	108	105	105	122	131	133	92
1942	181	155	258	238	188	123	124	116	157	152	151	104
1942-												
Aug.	183	158	271	250	204	123	126	118	163	153	152	107
Sept.	187	160	279	256	208	124	127	118	163	154	153	107
Oct.	191	162	288	262	211	124	130	119	169	155	154	110
Nov.	195	164	298	271	224	124	131	120	169	156	155	109
Dec.	197	168	306	278	226	125	133	120	178	158	156	114
1943-												
Jan.	199	171	310	281	224	126	133	121	182	160	157	116
Feb.	202	171	316	287	240	127	134	121	178	162	159	112
Mar.	202	172	324	295	260	128	137	123	182	163	160	114
Apr.	203	172	330	300	261	129	141	124	185	165	162	114
May	203	172	334	302	258	129	143	125	187	167	163	115
June	202	173	338	304	256	129	142	124	190	168	164	116
July[11]	205	173	336	306	256	128	139	124	188	169	165	114
Aug.[11]	--	--	--	--	--	128	137	123	193	169	165	117

[1]Federal Reserve Board, adjusted for seasonal variation.

[2]Based on Bureau of Labor Statistics data, adjusted for seasonal variation (employment adjusted by Federal Reserve and pay rolls by Bureau of Agricultural Economics).

[3]Based on Bureau of Labor Statistics data. Seasonal fluctuations in factory pay rolls appear to have been largely eliminated since the United States entered the war; accordingly, no adjustments for seasonal variation have been made since December 1941.

[4]Includes factory, railroad, and mining employees. Not adjusted for seasonal variation; see footnote 3.

[5]Adjusted for seasonal variation.

[6]Bureau of Labor Statistics, 1926 = 100 converted to 1935-39 = 100 by multiplying by 124.069 percent.

[7]Bureau of Labor Statistics.

[8]Bureau of Labor Statistics. Index numbers of cost of goods purchased by wage earners and low-salaried workers in large cities.

[9]August 1909-July 1914 = 100.

[10]Annual figures are straight averages of 12 monthly indexes, 1923-41. Revised July 1943.

[11]Preliminary.

Note: In comparing trends between industrial production and industrial workers' income, as indicated by the above index numbers, notice should be taken of the fact that income of railway workers, as well as incomes of mining and factory workers, is included in the index of industrial workers' income, whereas the industrial production index is based on mining and manufacturing only. Similar precautions are necessary in comparing trends between industrial production and factory employment and pay rolls. Another consideration of importance is that the production index is based on volume, whereas the income indexes are affected by changes in wage rates as well as by time worked. In comparing monthly indexes it is important to keep in mind the fact that there is usually a time lag between changes in volume of production and similar changes in employment and in workers' income.